


Missouri Healthcare Employment Decline Analysis

June 2014

Bureau of Labor Statistics (BLS) data released last Friday show that employment in Missouri's Healthcare and Social Assistance industry is growing at less than half the rate of the average growth in peer states that have expanded Medicaid.

The Healthcare and Social Assistance industry in Missouri is the state's largest employing sector, providing jobs to 1 in 6 workers in the private sector and paying an average wage of just over \$41,300 in 2013. Hospitals, which account for just fewer than 125,000 jobs, paid an average wage of \$51,280 in the same year.

The Healthcare and Social Assistance industry in Missouri, which includes hospitals, ambulatory health care, nursing homes, and social services, employed 383,400 in May 2014, up 3,600 jobs or 0.9% from a year ago (BLS Current Employment Statistics - CES). While this is a positive trend, it is considerably smaller than typical year-over-year (YOY) gains in recent times. In 2011 and 2012 this industry averaged 1.9% annual growth (January YOY, CES). Ten peer states similar to Missouri in overall employment size were analyzed to determine how Missouri's employment growth in the Healthcare and Social Assistance industry compared to that of other states. Five of the states studied had expanded Medicaid by June 2013, including Washington, Minnesota, Maryland, Arizona, and Colorado. Five of the states studied had not expanded Medicaid by June 2013, including Missouri, Indiana, Tennessee, Louisiana, and Alabama.



Over the first five months of 2014 compared to the same period in 2013, the states that expanded Medicaid had increased Healthcare and Social Assistance employment that averaged 2.1% whereas the peer states that had not expanded Medicaid by June 2013 averaged a growth rate of 0.7%. Missouri's Healthcare and Social Assistance industry employment growth was at 1.0%, which was less than half the 2.1% average growth experienced by peer states that expanded Medicaid. It is too early to know the direct causes of this slowdown in Healthcare and Social Assistance employment growth in Missouri, but given past trends, the analysis of similar states, and this industry's large footprint, it is a matter of concern.

Earlier this year, the Missouri Hospital Association (MHA) surveyed hospitals to determine how cuts in Medicare and Medicaid were impacting workforce hiring practices, among other topics. 41 hospitals and an outpatient service had recently announced layoffs of 998 workers and 49 hospitals were implementing a hiring freeze involving 2,145 employees.¹

Based on an economic impact analysis of this survey data using the Regional Economic Models, Inc. (REMI) Policy Insight model, we estimate that the direct loss of approximately 3,145 hospital jobs due to layoffs and hiring freezes could impact an additional 2,001 jobs in the state due to indirect effects to companies that support hospitals and businesses that rely on worker spending. These jobs supported nearly \$260 million in wages and \$395 million in Gross State Product.

¹ Missouri Hospital Association Survey: <http://missourihealthmatters.com/research/cuts-consequences/>